

Friday, October 31, 2008

***City of Chula Vista***

**2008 Annual Growth Management Review Cycle**

**RESIDENTIAL GROWTH FORECAST  
Years 2009 Through 2013**

## **INTRODUCTION**

As a component of the City of Chula Vista's Growth Management Program, the City's Planning Division provides annual residential growth forecasts for two time frames: 12 to 18 months and five years. In the short-term, this year's growth forecast covers the 14 months from November 2008 through December 2009; and the five-year forecast extends through calendar year 2013.

As part of the City's annual growth management review process, the growth forecast is annually provided to assist City departments and other service agencies in assessing potential impacts that growth may have on maintaining compliance with quality of life threshold standards associated with each facility or improvement listed below:

1. Police
2. Fire and Emergency Medical
3. Schools
4. Libraries
5. Parks and Recreation
6. Water
7. Sewer
8. Drainage
9. Traffic
10. Air Quality
11. Fiscal

As a supplemental component of the City's annual growth management review process, conclusions of City departments and service agencies assessments are annually solicited by the Chula Vista Growth Management Oversight Commission (GMOC) through compliance questionnaires. The responses to the questionnaires form a basis for the GMOC's annual report, which includes a set of recommendations to the City Council regarding maintenance and/or revisions to each of the City's threshold standards. Recommendations may include such actions as adding or accelerating capital projects; hiring personnel; changing management practices; slowing the pace of growth; or considering a moratorium. The City Council will ultimately decide what course of action to take.

The City heavily relies on projections from developers and builders to prepare the growth forecast, which is a disclosure of residential projects that have been or are undergoing the entitlement process, and could potentially be approved and permitted for construction within the next five years. These projects are under the City's control with respect to the standard entitlement process time frames. As such, these numbers do not reflect market conditions outside the City's control.

Commonly referred to as the Growth Management or GMOC forecast, it is important to note that this forecast:

- Does not represent a goal or desired growth rate;
- Is what may occur given a set of assumptions listed on page 5;
- Is produced by the City and not necessarily endorsed by home builders; and
- Represents a "worst-case" or more liberal estimate to assess maximum possible effects to the City's threshold standards.

The housing market is influenced by a variety of factors outside the City's control. The City's residential growth fell grossly short of last year's 12- to 18-month forecast; however, given the unprecedented year of economical events at the local and national levels, this was not surprising. While the economy is in recovery mode, it is quite possible that growth may continue to fall short of projections for some time. A return to equilibrium in residential construction is anticipated in the future, but it is difficult to predict exactly how far out. Current estimates are for at least two years.

The majority of the growth forecasted remains in eastern Chula Vista. Increased residential infill and redevelopment in western Chula Vista is currently limited, and projections do not indicate larger development projects until 2012, when 260 multi-family units are projected as part of the Bayfront Master Plan. Should other projects emerge, they will be reflected in future forecasts.

Information in this document is categorized under the following headings:

- ▶ Forecast Summary
- ▶ Forecast Information
  - ▶ Background
  - ▶ Eastern Chula Vista
  - ▶ Western Chula Vista
- ▶ Forecasted Population

The following figures and tables are also within this document:

- ▶ Figure 1 – Forecasted Residential Units Permitted By Area 2009 Through 2013
- ▶ Figure 2 – Summary: Residential Units Receiving Building Permits 1996 to 2008 and 2009 through 2013 Forecast
- ▶ Figure 3 –Residential Development Forecast Map
  
- ▶ Table 1 – Eastern Chula Vista Residential Development Forecast
- ▶ Table 2 – Western Chula Vista Residential Development Forecast
- ▶ Table 3 – Historic Housing and Population Growth

## **FORECAST SUMMARY**

Over the next fourteen months (November 2008 – December 2009) as many as 825 housing units could potentially be permitted for construction in eastern Chula Vista, with none projected in western Chula Vista (see Figure 1).

In the five-year forecast period (calendar years from 2009 through 2013), eastern Chula Vista may have as many as 7,065 housing units permitted, and western Chula Vista may have as many as 720. This totals 7,785 units citywide, with an annual average of 1,413 units in the east and 144 in the west, or approximately 1,557 housing units permitted per year, on average citywide (see Figure 1, Table 1, and Table 2).

Using more aggressive development figures in this forecast allows the City of Chula Vista to evaluate the maximum likely affect this growth will have on maintaining the quality of life, and the ability to provide concurrent development of necessary public facilities and services. It is the role of the Growth Management Oversight Commission (GMOC) to assess if the established quality of life standards are being met and to make recommendations to the City Council to ensure future compliance.

The following discussions and figures describe the context, conditions and assumptions behind the forecast, and are provided to further qualify that this forecast is a “worst case” planning tool and not a prediction or guaranteed expectation.

## **FORECAST INFORMATION**

### **Background**

As depicted on Table 3, the number of houses constructed in Chula Vista has fluctuated from a few hundred units a year to over 3,000 (as in 2001), with an average of approximately 1,300 units per year over the last 26 years. Several market cycles have occurred, with decline in the number of units permitted in the early 1980's (average 330 units) and 90's (average 693 units) recessions, and since 2005. The record 3,525 unit permits issued in 2001 represents a peak of residential permits that is not likely to return.

Between the years 1996 and 2001 the number of housing units issued building permits steadily increased from about 1,000 units to a peak of over 3,500 units. A significant part of this is attributable to the onset of construction in Otay Ranch and other eastern Chula Vista master planned communities. During the construction boom years from 2001-2006, the average annual number of units receiving permits for construction was approximately 2,200.

While this forecast reflects the current deceleration of construction activity in Chula Vista, it is representative of the region, and a reflection of the current fiscal and lending crisis.

Figure 2 reflects the dramatic decline in growth since 2006. The drop can be attributed to a number of factors, including rising interest rates; rising housing and construction costs; and the ability of the public to qualify for mortgage loans. Most recently, within the past year, the sub-prime loan breakdown resulted in a record number of home foreclosures in Chula Vista. On a positive note,

interest rates fluctuated throughout the year, and are currently moving slightly downward, below where they were at this time last year.

In summary, the forecast is predicated upon the following six assumptions:

1. That public policy regarding development remains otherwise unchanged.
2. That Growth Management thresholds are not exceeded.
3. That the housing market corrects within two years.
4. That entitlement processing for the Otay Ranch Villages areas subject to recent Land Offer Agreements commences in 2009 and is completed within 24 months.
5. That the Bayfront Master Plan Update receives approvals in 2009.
6. That projects follow a normal project regulatory processing schedule.

### **Eastern Chula Vista**

Growth for the next fourteen months in eastern Chula Vista is based upon the overall assumptions. The various planned communities have a number of projects in the processing "pipeline" with 825 units potentially ready for permitting over the next fourteen months. Otay Ranch Villages 2, 6, 7 and 11 have all their entitlements; but construction is nearly nonexistent at the present time.

It is anticipated that the next five years could produce as many as 7,065 additional housing units permitted for construction in eastern Chula Vista, for an average annual rate of approximately 1,413 units. This number is derived primarily from approved development plans, and estimated project processing schedules for project plan reviews, subdivision maps, and building plans (see Table 1).

As of November 2008, the remaining capacity for residential units that could be permitted in eastern Chula Vista is approximately 14,900, based on the General Plan Update, adopted in December, 2005. If 7,065 units could be permitted over the next five-year forecasted period, there would be 7,835 units remaining. Given the current rate of growth, this capacity could potentially be built out around 2020. However, additional General Plan amendments could occur, resulting in additional units added to the potential inventory of housing units, thereby extending the ultimate build-out date.

### **Western Chula Vista**

Western Chula Vista has not shown significant increases in housing since the growth management program was instituted in the late 1980's. This situation is changing, due to growing interest in infill and redevelopment, and density increases through the General Plan Update, and the Urban Core Specific Plan (UCSP).

Several projects have been completed in recent years, particularly along Broadway, reflective of development interest in western Chula Vista. At this time, as shown on Table 2, there are only three projects that are projected to produce any residential units within the next five years, and nothing significant until 2012. The Bayfront Master Plan and the 248 Church Avenue ENA Project have both been applied for by developers and are under City review for entitlements.

Over the next five years western Chula Vista could potentially experience an increase of 695 multi-family residential units, primarily due to the Bayfront Master Plan. A small addition of accessory units tracking at an average of five per year for 25 units are also included in the five-year period. This provides a total of 720 residential units, for an annual average of 144 units (see Table 2 and Figure 3).

## **FORECASTED POPULATION**

This report focuses on the forecasted residential units as the primary indicator to measure future population increases. Western Chula Vista (as evidenced by U.S. Census data) has been undergoing growth in the form of demographic changes as the average household size increases; however, such growth is difficult to track on a year-to-year basis and is not reflected in this report's future population forecast.

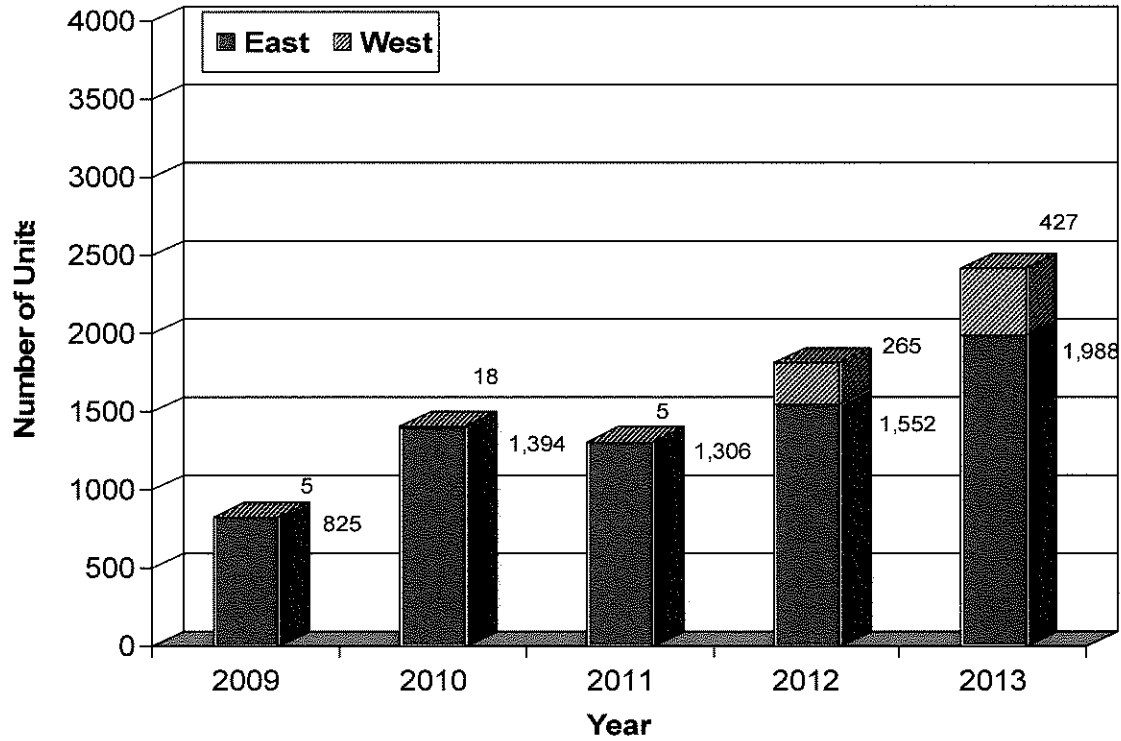
The California State Department of Finance estimates that Chula Vista has on average of 3.036 persons per household. Assuming that this estimate remains valid over the next five years, and assuming a 3% vacancy rate, Chula Vista can expect a total population of approximately 255,400 persons by the end of 2013. This is based on the following:

- The California State Department of Finance (DOF) estimated a Chula Vista's population on January 1, 2008 as 231,305;
- An additional 338 units were occupied from January 1, 2008 to November 2008; and
- An additional 7,785 units may be permitted between November 2008 and 2013.

This is only a rough estimate for planning purposes, as the vacancy rate, persons per unit factors, and the number of actual units completed may vary.

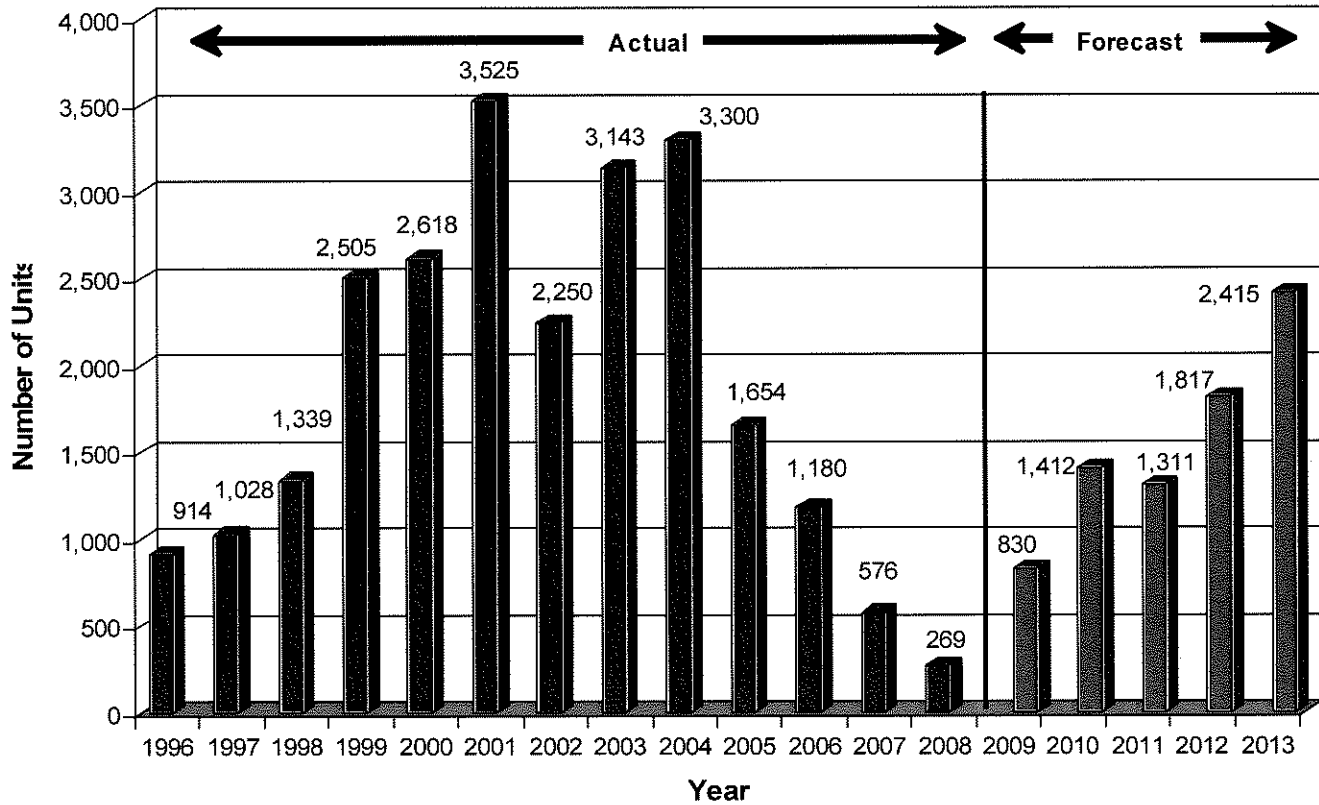
**Figure 1**

**Forecasted Residential Units Permitted By Area  
2009 Through 2013**



**Figure 2**

**Summary: Residential Units Receiving Building Permits 1996 to 2008  
and 2009 through 2013 Forecast**





**Figure 3**

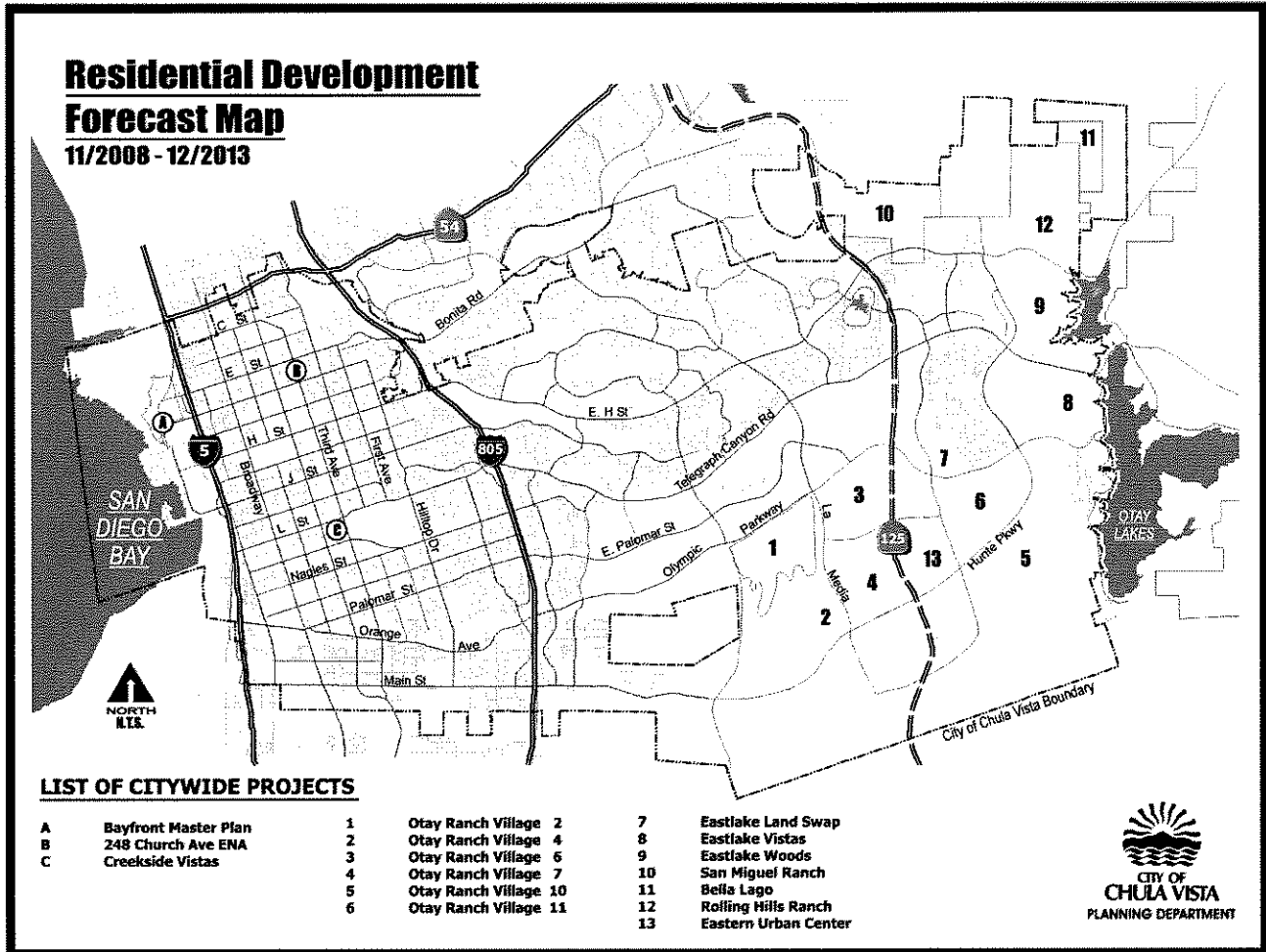


Table 1

## GMOC 2009 - EASTERN CHULA VISTA RESIDENTIAL DEVELOPMENT FORECAST

November 2008 - December 2013

PROJECT	NOV. 2008 - DECEMBER 2009				JAN. - DECEMBER 2010				JAN. - DECEMBER 2011				JAN. - DECEMBER 2012				JAN. - DECEMBER 2013				14-Month Forecast				Five Years Forecast			
	ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*	
	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF
OTAY RANCH																												
Village 2	310	117			325	237			203	170			220	160			366	362			310	117			1,424	1,046		
Village 4	0	0			0	0			100	200			0	0			0	100			0	0			100	300		
Village 6	126	0			0	0			0	0			0	0			0	0			126	0			126	0		
Village 7	42	65			56	71			71	136			53	80			25	34			42	65			247	386		
Village 10	0	0			0	0			20	4			300	75			400	125			0	0			720	204		
Village 11	42	33			57	25			25	25			12	8			0	0			42	33			136	91		
Eastern Urban Center	0	0			0	0			213	0			602	0			535	0			0	0			1,350	0		
Otay Ranch Sub-Total	520	215			438	333			632	535			1,187	323			1,326	621			520	215			4,103	2,027		
EASTLAKE																												
Greens (+Land Swap)	12	21			52	0			47	0			0	0			0	0			12	21			111	21		
Vistas (+Windstar)	0	0			494	0			0	0			0	0			0	0			0	0			494	0		
Woods	0	4			0	11			0	12			0	0			0	0			0	4			0	27		
Sub-total	12	25			546	11			47	12			0	0			0	0			12	25			605	48		
ROLLING HILLS RANCH	0	12			0	18			0	48			0	42			0	41			0	12			0	161		
SAN MIGUEL RANCH	0	23			0	43			0	32			0	0			0	0			0	23			0	98		
BELLA LAGO	0	18			0	5			0	0			0	0			0	0			0	18			0	23		
SUB-TOTAL	532	293			984	410			679	627			1,187	365			1,326	662			532	293			4,708	2,357		
TOTAL UNITS		825				1,394				1,306			1,552				1,988				825				7,065			
Monthly Average:																					59		Annual Average:					1,413

\*ISSUE = Building Permit

\*Assumes Adoption of 2006 GDPA

Table 2

**GMOC 2009 - WESTERN CHULA VISTA RESIDENTIAL DEVELOPMENT FORECAST**

November 2008 - December 2013

PROJECT	NOV. 08 - DEC. 2009		JAN. - DEC. 2010		JAN. - DEC. 2011		JAN. - DEC. 2012		JAN. - DEC. 2013		14-Mth Forecast		5-Year Forecast	
	ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*	
	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF
Bayfront Master Plan**	0	0	0	0	0	0	260	0	260	0	0	0	520	0
248 Church Ave ENA Project**	0	0	13	0	0	0	0	0	0	0	0	0	13	0
Creekside Vistas - 912-944 Third Ave	0	0	0	0	0	0	0	0	162	0	0	0	162	0
Second Accessory Units	0	5	0	5	0	5	0	5	0	5	0	5	0	25
SUB-TOTAL	0	5	13	5	0	5	260	5	422	5	0	5	695	25
TOTAL UNITS	5		18		5		265		427		5		720	
Monthly Average:											1			
Annual Average:											144			

\* ISSUE = Building Permit

\*\* These projects are in conceptual discussion, and do not have specific project building plans under review at this time.

**Table 3**

**HISTORIC HOUSING AND POPULATION GROWTH  
CITY OF CHULA VISTA 1980 – 2008**

CALENDAR YEAR	Units Authorized for Construction (Issued)	Units Completed (Finaled)	Certified Year End Population (State D.O.F.) (1)		
			No.	% Change	
1980	No. 407	No. 374	84,364		
1981	195	496	86,597	2.6%	
1982	232	129	88,023	1.6%	
1983	479	279	89,370	1.5%	
1984	1,200	521	91,166	2.0%	
1985	1,048	1,552	116,325	27.6%	(2)
1986	2,076	1,120	120,285	3.4%	
1987	1,168	2,490	124,253	3.3%	
1988	1,413	829	128,028	3.0%	
1989	1,680	1,321	134,337	4.9%	
1990	664	1,552	138,262	2.9%	
1991	747	701	141,015	2.0%	
1992	560	725	144,466	2.4%	
1993	435	462	146,525	1.4%	
1994	700	936	149,791	2.2%	
1995	833	718	153,164	2.3%	
1996	914	820	156,148	1.9%	
1997	1,028	955	162,106	3.8%	
1998	1,339	1,093	167,103	3.1%	
1999	2,505	1,715	174,319	4.3%	
2000	2,618	2,652	183,300	5.2%	
2001	3,525	3,222	190,300	3.8%	
2002	2,250	2,923	199,700	4.9%	
2003	3,143	2,697	209,133	4.7%	
2004	3,300	3,043	217,543	4.0%	
2005	1,654	2,525	223,423	2.7%	
2006	1,180	1,448	227,863	1.9%	
2007	576	837	231,305	0.8%	
2008	269	338	232,307	0.4%	(3)
Annual Average	1,315	1,327	5,101	2.8%	(4)

(1) Reflects Department of Finance (DOF) comprehensively revised population figures for the end of the referenced year.

(2) Montgomery Annexation

(3) Population estimates assume 3% vacancy rate and assuming that there are 3.036 persons per unit. This population figure is an estimate prior to California Department of Finance (DOF) preliminary figures due by February 2009 and final estimates in May 2009.

(4) The annual average percentage is adjusted for the anomaly of the Montgomery Annexation .

